HOUSE RESEARCH

Bill Summary =

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Overview

This bill creates a Minnesota Ballpark Authority with responsibility for construction and operation of a new Major League ballpark in Minneapolis. The bill sets criteria that must be met in the process. The bill authorizes Hennepin County to issue bonds, and to impose a .15 percent local option sales tax to provide revenue for payment of debt service on bonds, for ballpark construction. The bill also provides a sales tax exemption for tickets to high school tournament games, events and activities. The bill also requires a report of an agreement for development and financing of a Minnesota Vikings stadium in Blaine in Anoka County.

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- Members public officials. Provides that members of the Ballpark Authority are public officials for purposes of required filings of statements of financial interest and disclosure of conflicts of interest.
- Minnesota State High School League exemption. Exempts tickets to high school tournament games, events, and activities from sales tax (see section 19). This section is effective for sales after June 30, 2006 and before July 1, 2016.
- **Building materials exemption.** Provides an exemption from sales and use tax for construction materials used in the construction or improvement of the ballpark and related public infrastructure. The exemption for the ballpark expires one year after the first Major

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League game is played in the park. The exemption for infrastructure expires five years after the issuance of the first bonds.

- **Sale of Metrodome.** Provides for \$5 million from the net proceeds from the future sale of the Metrodome to go to Hennepin County and the remainder to be used to pay debt service on bonds for a Vikings stadium.
- **Purpose.** Provides that the purpose of this act is to provide for the construction, financing, and long-term use of a ballpark to major league baseball. Provides that specific performance and injunctive relief are essential remedies for breaches of certain agreements under this bill.
- **Definitions.** Defines "authority," "ballpark," ballpark costs," "county," "development area," "public infrastructure," "streetscape," and "team."
- **Location.** Provides for the location of the ballpark within a defined development area in Minneapolis.
- **Property tax exemption.** Any property of the authority is exempt from ad valorem taxation. Property is subject to special assessments. Exemption also applies to property leased by the authority for specified purposes, but does not apply to property leased by the authority for residential, business or commercial development.
- **Employees and vendors.** Requires good faith efforts to hire women and minority employees and contractors. Also requires minority recruitment job fair.
- 10 Minnesota Ballpark Authority.
 - **Subd. 1.** Establishes the Minnesota Ballpark Authority as a public body and political subdivision of the state. Provides that the authority is not a joint powers entity or an agency of the county.
 - **Subd. 2.** Provides for the authority to be governed by a five-member commission composed of two gubernatorial appointees, two county appointees and one appointee of the city of Minneapolis. One of the gubernatorial appointees must be from a county other than Hennepin and all other members must be residents of Hennepin County. All members serve at the pleasure of the appointing authority and the chair is one of the two county appointees. No member may have served as an elected official of Minneapolis or Hennepin County for two years prior to appointment. Members' compensation is governed by Minnesota Statutes, section 15.0575. Requires appointments to be made within 30 days of enactment and the first meeting to occur within 45 days of enactment.
 - **Subd. 3.** Provides that the chair shall preside at all meetings of the commission when present and that the commission may appoint a vice-chair from among its members.
 - **Subd. 4.** Provides that the authority may adopt bylaws relating to its governance and that these bylaws must be similar in form and substance to the bylaws of the Metropolitan Sports Facilities Commission.

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- **Subd. 5.** Requires appointment of an executive director within 30 days of the first meeting.
- **Subd. 6.** Requires the authority to establish a web site to provide specified information to the public.

11 Powers of authority.

- **Subd. 1.** The authority may sue or be sued. The authority is a public body and the ballpark is a public improvement for purposes of a statute allowing public bodies to request that a bond be posted by the plaintiff in the case of a lawsuit that may delay the construction. The authority is a municipality for purposes of a statute limiting the tort liability of municipalities.
- **Subd. 2.** The authority may acquire real and personal property for purposes of the bill.
- **Subd. 3.** Authority is subject to the Data Practices Act and the Open Meeting Law.
- **Subd. 4.** Authority may manage the ballpark and related facilities developed under this bill, and may not permit smoking in the ballpark.
- **Subd. 5.** Authority may sell property no longer needed by it in the same manner as a port authority may sell property with two exceptions. The authority may not sell the ballpark without legislative approval.
- **Subd. 6.** Authority may employ persons and may contract for services. Authority must enter into an agreement with the city of Minneapolis regarding traffic control for the ballpark.
- **Subd. 7.** Authority may accept donations of money, property or services and may enter into grant agreements.
- **Subd. 8.** Authority may conduct research, hearings and investigations in connection with its functions
- **Subd. 9.** Authority may enter lease and use agreements for facilities under its control, including exclusive use agreements. The lease or use agreement with the team must provide for payment of operating and maintenance costs by the team
- **Subd. 10.** Authority may require employees to obtain individual bonds or fidelity insurance and may procure whatever liability or property insurance it deems necessary.
- **Subd. 11.** Exempts the ballpark project from Metropolitan Council plan review and business subsidy reporting under chapter 116J.994.

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- **Subd. 12.** Establishes contracting procedures. Requires contracts to include programs for minority hiring. Provides that ballpark construction is covered by the prevailing wage law.
- **Subd. 13.** Provides that the authority has all powers necessary or incidental to the powers expressly granted.
- **Subd. 14.** Requires the authority to review and approve the implementation committee's design and construction recommendations.

12 County activities, bonds, taxes.

- **Subd. 1.** County may authorize grants to the authority for ballpark construction and other related purposes on terms agreed to by the county and the authority.
- **Subd. 2.** Provides that up to \$4 million per year of revenues in excess of amounts needed for debt service may be expended in equal amounts for youth activities and amateur sports, and for extended hours in Minneapolis and Hennepin County libraries.
- **Subd. 3.** County spending for ballpark costs capped at \$260 million. Grants for capital improvement reserves capped at \$1 million annually. Spending for land, site improvements or public infrastructure is capped at \$90 million and such expenditures may not be made more than five years after the first bonds are issued.
- **Subd. 4.** Property purchased with revenues under this section must be within 1,000 feet of the development area.
- **Subd. 5.** The County may review and approve ballpark plans to the extent provided in the grant agreement.
- **Subd. 6.** The County may initiate or continue the EIS for the project.
- **Subd. 7.** Reimbursement for local government expenditures permitted.
- **Subd. 8.** General county authority specified.
- **Subd. 9.** County authorized to issue revenue bonds for grants to the Ballpark Authority for ballpark and related infrastructure and land acquisition.
- **Subd. 10.** Authorizes county to impose a .15 percent sales tax within the county. Exempts the sales tax from the referendum requirements for local option sales taxes. Requires the tax to be dedicated for the purposes described in the bill.
- **Subd. 11.** Provides permitted uses for tax revenues. Provides for termination of tax upon payment, or provision for payment of all of the county's obligations.

13 Implementation.

Subd. 1. The county is the responsible governmental unit for any environmental impact statement ("EIS"). Any EIS need not consider alternative sites for the ballpark. Work may not begin on the foundation of the ballpark before the EIS is determined to

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be adequate, however, all other preliminary work (including the imposition of the tax, acquisition and preparation of land, and financing) may go forward prior to that determination.

Subd. 2. Provides for an advisory ballpark implementation committee consisting of equal numbers of members from the city and the county. Appointments to the committee must be made within 30 days of enactment. The committee's recommendations are to be forwarded to the Minneapolis planning department for an advisory recommendation and then to the city council for approval or disapproval.

14 Criteria and Conditions.

- **Subd. 1.** Requires the authority to follow and enforce the criteria in subdivisions 2 to 15, provided that the determination by the authority as to whether the criteria have been met is conclusive.
- **Subd. 2.** The team must contribute \$130 million in cash during the construction period towards ballpark costs. Of this amount, \$45 million must be deposited in the construction account for the first ballpark costs. The team must also agree to assume and pay all ballpark cost overruns, excluding land, site improvements and public infrastructure.
- **Subd. 3.** Authority must require a capital improvements reserve fund, to be funded with annual payments of \$2,000,000, of which approximately \$1,000,000 is to be the team's share. The annual payments are to be indexed for inflation.
- **Subd. 4.** Lease or use agreements with the team must include a requirement that the team plays all of its regular season and post-season home games in the ballpark, and be for a term of at least 30 years. Lease must include terms for default, termination or breach; must require specific performance and injunctive relief; and must not include escape clauses or buyout provisions. Includes legislative determinations regarding the need for specific performance for enforcement of the agreement.
- **Subd. 5.** Requires notice of defaults under lease or use agreements.
- **Subd. 6.** Authority must determine that all necessary funding is committed in writing and that the committed funds are sufficient to design, construct, furnish and equip the ballpark.
- **Subd. 7.** Environmental compliance required.
- **Subd. 8.** Requires a right of first refusal to a corporation for community ownership (see Section 18.)
- **Subd. 9.** Requires a percentage of the sale price of the team (from 18 percent, declining to zero at the end of ten years) to be paid to the authority. Provides

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exemptions for certain sales.

- **Subd. 10.** The lease or use agreement must allow the authority access to the team's books and records. Information obtained by the authority under this subdivision is nonpublic data.
- **Subd. 11.** Lease agreements must provide for affordable access to professional sporting events held in the ballpark.
- **Subd. 12.** Authority must negotiate a no-strike agreement.
- **Subd. 13.** Lease must require team to provide \$250,000 (increased for inflation) annually for youth activities and amateur sports.
- **Subd. 14.** Lease must provide that the team and league will transfer to the state the Twins' name, logo, records and related items upon dissolution or relocation of the franchise.
- **Subd. 15.** Requires that certain environmental standards be met if grants sufficient to cover any increased costs are received. Requires use of American-made steel.
- Metropolitan Sports Facilities Commission. Allows the Metropolitan Sports Facilities Commission (MSFC) to provide financial and other assistance to the county and the authority. Requires the MSFC to transfer \$300,000 to the county by January 1, 2007, for preliminary costs, subject to reimbursement from county's tax revenues.
- 16 City requirements.
 - **Subd. 1.** Requires city of Minneapolis to convey land it owns within the development area to the authority at fair market value.
 - **Subd. 2.** Requires city of Minneapolis to issue liquor licenses for the premises of the ballpark.
 - **Subd. 3.** Actions taken by Minneapolis under this section not deemed to be an expenditure.
- Local taxes. No new local taxes may be imposed on sales at the ballpark site unless applicable throughout the taxing jurisdiction. No new taxes may be imposed on tickets to baseball events unless applicable throughout the taxing jurisdiction. The Minneapolis admission and amusement tax may apply to admission to baseball events.
- **Community ownership.** Subject to the rules of Major League Baseball, provides a mechanism for community ownership of a professional baseball franchise in Minnesota.
- 19 High school league fund transfers. Requires the State High School League to transfer funds saved because of the sales tax exemption under section 2 to a nonprofit foundation for high school extra curricular activities.
- **Vikings stadium proposal.** Requires Anoka County and the Minnesota Vikings to negotiate an agreement for development and funding of a stadium in Blaine and to report on the agreement to the legislature by January 15, 2007.
- 21 Contingent sales tax authority. Authorizes a .75 percent local option sales tax without a

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referendum in Anoka County for a Vikings stadium contingent upon approval of a
development and financing plan at the 2007 or later legislative session.
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- **Fund transfer.** Provides for the transfer of \$5 million from the cash reserves of the Metropolitan Sports Facilities Commission to Minneapolis when the Metrodome is sold.
- **Repealer.** Repeals 2004 laws relating to stadium process.
- **Effective dates.** Sections 1 and 3 to 23 are effective the day following final enactment.